Individual State Agency Fiscal Note

Bill Number: 2502 HB	Title: Dental plan exp. of benefits	Agency: 160-Office of Insurance Commissioner

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	1.5	0.8	1.3	1.3
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	168,125	168,125	272,090	272,090
Total $	0	168,125	168,125	272,090	272,090

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1(1) requires, beginning July 1, 2018 and annually thereafter, health carriers (HCSC, LHCSC, and disability issuers) to submit to the Office of Insurance Commissioner (OIC) explanation of benefit forms the carrier intends to use for dental only plans for the subsequent plan year. The submissions must include a list of standard definitions and terms the carrier will use on the form and an example of a completed form.

Section 1(2) requires the OIC to adopt rules setting minimum standards for the format, terms, and definitions. The rules must include a model explanation of benefits form, model terms, model definitions. Rules must be adopted by April 1, 2019.

Section 1(3) allows the OIC to disapprove an explanation of benefits form, or the standard definitions or terms used on that form if the form, definitions or terms are confusing, inconsistent or misleading, beginning with submissions received for plan year 2020.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1(1) requires beginning July 1, 2018 and annually thereafter health carriers (HCSC, LHCSC, and disability issuers) are required to submit to the Office of Insurance Commissioner (OIC) explanation of benefit (EOB) forms the carrier intends to use for dental only plans for the subsequent plan year. This will change current OIC authority and add review and approval of EOB's. It is anticipated that approximately 100 carriers (one EOB per filer) will be required to file under this bill. The OIC will need 1.0 FTE Functional Program Analyst 3 to analyze documents, support carrier questions, and be liaison to other divisions with questions regarding approval or disapproval of EOB's. OIC will also need .30 FTE Insurance Technician 3 to accept unique filings for explanation of benefits that must be reviewed for intake standards by the SERFF intake staff.

Section 1(2) requires the OIC to adopt rules setting minimum standards for the format, terms, and definitions. The rules must include a model EOB. Rules must be adopted by April 1, 2019. OIC expects this to be a 'normal' rulemaking process.

Ongoing Costs:
Salary, benefits and associated costs for 1.0 FTE Functional Program Analyst 3 and .30 FTE Insurance Technician 3.

One-time Costs:
$3,000 for Equipment.
Salary, benefits and associated costs for a 'normal' rulemaking process in FY 2019.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.5	0.8	1.3	1.3
A-Salaries and Wages		95,645	95,645	156,396	156,396
B-Employee Benefits		36,455	36,455	61,276	61,276
C-Professional Service Contracts					
E-Goods and Other Services		33,025	33,025	54,418	54,418
G-Travel					
J-Capital Outlays		3,000	3,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	$0	$168,125	$168,125	$272,090	$272,090

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Functional Program Analyst 3	65,580		1.0	0.5	1.0	1.0
Functional Program Analyst 4	72,456		0.1	0.0		
Insurance Technician 3	42,060		0.3	0.2	0.3	0.3
Senior Policy Analyst	92,160		0.2	0.1		
Total FTEs			1.5	0.8	1.3	1.3

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

This bill requires rule-making to be completed by April 1, 2019. This law will require new rules, most likely under Chapter 284-43 WAC. This is expected to be complicated rule making because the stakeholders will be engaged in the process to ensure EOB standards meet health carrier, provider, and consumer needs. In this case such a rulemaking would be effectively a normal process with additional stakeholdering necessary.